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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5638-N-01]

**Public Housing Assessment System (PHAS):
Capital Fund Interim Scoring Notice
Request for Comment**

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice.

SUMMARY: This notice advises public housing agencies (PHAs), as well as members of the public, that HUD intends to award 5 points for the occupancy sub-indicator of the Capital Fund indicator to all PHAs for the Capital Fund Indicator under the PHAS interim rule published February 23, 2011. The award of 5 points is a temporary measure to address the transition to the scoring system implemented by the PHAS interim rule, especially as relates to the indicator that assesses occupancy rate. The 5 points for the occupancy sub-indicator will be awarded for fiscal years ending March 31, 2011, June 30, 2011, September 30, 2011, and December 31, 2011. The score already assigned to the sub-indicator on occupancy rate will be designated as an advisory score, but only for a period of one year that commences with the date of publication of this notice.

DATES: Effective Date: **[Insert date of publication in the Federal Register]**

Comment due date: **[Insert date that is 30 days after the date of publication in the Federal Register]**

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule to the Regulations Division, Office of General Counsel, Department of Housing and Urban

Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

Communications must refer to the above docket number and title. There are two methods for submitting public comments. All submissions must refer to the above docket number and title.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the www.regulations.gov website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the rule. *No Facsimile Comments.* Facsimile (FAX) comments are not acceptable.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number).

Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at 1-800-877-8339. Copies of all comments submitted are available for inspection and downloading at www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Claudia J. Yarus, Real Estate Assessment Center (REAC), Office of Public and Indian Housing, Department of Housing and Urban Development, 550 12th Street, SW, Suite 100, Washington, DC 20410, telephone 202-475-8830 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 800-877-8339. Additional information is available from the REAC Internet site at <http://www.hud.gov/offices/reac/>.

SUPPLEMENTARY INFORMATION:

I. Background.

The PHAS interim rule, published on February 23, 2011, at 76 FR 10136, became effective for PHAs with fiscal years ending March 31, 2011. The PHAS interim rule includes 10 point Capital Fund Program Indicator score, and scoring for this indicator is described in the Capital Fund Scoring Notice, also published on February 23, 2011, at 76 FR 10053. Under this indicator, PHAs can receive up to 5 points for the timeliness of fund obligation and up to 5 points for the occupancy rate.

Under the Capital Fund Scoring Notice, a PHA receives the full 5 points for the sub-indicator on timeliness of obligation if the PHA: (1) on the obligation end date, or extended date(s), obligates 90 percent or more of the grant amounts for all outstanding, open grants with obligation end dates in the assessed fiscal year; and (2) does not have any grants that have been sanctioned pursuant to section 9(j) of the United States Housing Act of 1937 (42 U.S.C. 1437g(j)) during the assessed fiscal year. If the PHA does not meet the above described

requirements, the PHA receives 0 points for this indicator. For the occupancy rate sub-indicator, a PHA receives 0, 2, or 5 points based on its occupancy rate as of the last day of the PHA's fiscal year. The score is 0 points for an occupancy rate of less than 93 percent, 2 points for an occupancy rate of 93 percent but less than 96 percent, and 5 points for an occupancy rate of 96 percent or greater.

II. Action

The PHAS interim rule is the first rule to assess and score PHAs under the asset management model. Because the rule was effective for PHA fiscal years ending the month following the February 2011 publication date in the Federal Register, HUD recognizes that PHAs may not have been fully prepared for the changes to the assessments, performance standards, and corresponding changes in scoring, specifically as relates to the sub-indicator that assesses the occupancy rate.

Accordingly, this notice advises that for PHA's with fiscal years ending March 31, 2011, June 30, 2011, September 30, 2011 and December 31, 2011, HUD is awarding all PHAs 5 points for the occupancy rate sub-indicator under the Capital Fund Program Indicator. The score already assigned for occupancy rate sub-indicator of the Capital Fund score is advisory only as of the effective date of this notice, and will remain advisory for a period of one year from the date of publication of this notice.

HUD welcomes public comment on the scoring adjustment HUD intends to take as provided in this notice.

Following expiration of the advisory score period HUD will issue revisions of the Capital Fund indicator scores, which will result in revised PHAS scores for certain PHAs, beginning on the effective date of this notice. HUD will publish a final notice after consideration of the public comments received in response to this notice.

Date: June 5, 2012

Sandra B. Henriquez
Assistant Secretary for Public and Indian Housing

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